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REMARKS

Claims 1, 3, 4, 6-10, 12, 14-18, 20, 22, 24-31 and 33 are still pending in this application. Reconsideration of the application is earnestly requested.

The Examiner has rejected the independent claims under 35 USC §103 as being unpatentable over *Farrar et al. (Farrar)* in view of *Templeton et al. (Templeton)*. Although the Examiner's arguments have been carefully considered, Applicant respectfully traverses these rejections as explained below.

In the Response to Arguments section of the Office Action, it is stated that:

"Templeton discloses MICR data being sent in a raw form from a merchant in order to be parsed at a drawee bank or verifying institution. While Farrar gives every indication that MICR data is being read from a reader but not parsed until being received at a drawee bank or verifying institution as discussed in previous Office Actions, applicant is advised to review Templeton reference as presented in the current Office Action where it is disclosed that raw MICR data is captured and transmitted from a merchant or POS to a drawee bank or verifying institution."

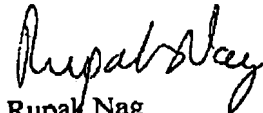
*Templeton*, in fact, does not describe, teach or suggest that MICR data are parsed at a drawee bank, as recited in the claims of the present invention. Nor does *Farrar* give any indication, let alone explicitly describe or teach, that MICR data read from a reader are not parsed until being received at a drawee bank. *Templeton* has been reviewed and although raw MICR data are captured and transmitted from a merchant or POS, the reference does not disclose that the data are parsed at a drawee bank, as required by the pending claims.

Independent claims 1, 9 and 31 have been amended to clarify the role of the drawee bank in performing conversion, verification, and guarantee services based on the transaction information. The claims recite that the paper check given by the customer to the merchant is a check supplied to the customer by the drawee bank for use by the customer (i.e., to write checks against the customer's checking account at the bank). The claims also recite that the checking account corresponding to the checking account information is an account that is maintained at the drawee bank. These limitations clarify that the drawee bank has at least two features that enable it perform the parsing and subsequent conversion, verification, and guarantee functions with respect to the transaction between the customer and the merchant.

A conventional verification service, such as the check acceptance service described in *Templeton*, does not have the capabilities or relationship with the customer and the transaction information to enable these features. The check acceptance service does not maintain a customer account and is not in the best position to perform conversion, verification or guarantee. For example, because the check acceptance service does not maintain any customer account, it must rely upon negative file 85 and positive file 87 to authorize checks. By contrast, the drawee bank relies upon the actual customer accounts which are maintained by the drawee bank. The only disclosure found in *Templeton* is that of the check acceptance service; there is no discussion whatsoever of any kind of drawee bank.

Applicant believes that all pending claims are allowable and respectfully requests a Notice of Allowance for this application from the Examiner. Should the Examiner believe that a telephone conference would expedite the prosecution of this application, the undersigned can be reached at the telephone number set out below.

Respectfully submitted,  
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